

290.13 Section 1. Minnesota Statutes 1949, Section 290.13, is amended by adding a new subdivision to read:

Subd. 8. What considered as money received by taxpayer upon exchange. Where upon an exchange the taxpayer receives as part of the consideration property which would be permitted by subdivision 1, clause (4) or (5) of this section to be received without the recognition of gain if it were the sole consideration, and as part of the consideration another party to the exchange assumes a liability of the taxpayer or acquires from the taxpayer property subject to a liability, such assumption or acquisition shall not be considered as "other property or money" received by the taxpayer within the meaning of subdivision 2, 3, or 4 of this section and shall not prevent the exchange from being within the provisions of subdivision 1, clause (4) or (5); except that if, taking into consideration the nature of the liability and the circumstances in the light of which the arrangement for the assumption or acquisition was made, it appears that the principal purpose of the taxpayer with respect to the assumption or acquisition was a purpose to avoid income taxes imposed by this chapter on the exchange, or, if not such purpose, was not a bona fide business purpose, such assumption or acquisition (in the amount of the liability) shall, for the purposes of this section, be considered as money received by the taxpayer upon the exchange.

Sec. 2. This act shall apply to all taxable years beginning after December 31, 1950.

Approved April 6, 1951.

CHAPTER 268—H. F. No. 743

An act relating to exemptions from gift taxes; amending Minnesota Statutes 1949, Section 292.04.

Be it enacted by the Legislature of the State of Minnesota:

Section 1. Minnesota Statutes 1949, Section 292.04, is amended to read:

292.04 Exemptions. The following transfers by gift shall be exempt from and excluded in computing the tax imposed by this chapter:

(1) Gifts to or for the use of the United States of America or any state or any political subdivision thereof for exclusively public purposes:

(2) Gifts to or for the use of any fund, foundation, trust, association, organization or corporation operated within this state for religious, charitable, scientific, literary, or educational purposes exclusively, including the promotion of the arts, or the conduct of a public cemetery, if no part thereof inures to the profit of any private shareholder or individual. Gifts to or for the use of any corporation, fund, foundation, trust, or association operated for religious, charitable, scientific, literary, or educational purposes, including the promotion of the arts, or the conduct of a public cemetery, no part of which inures to the profit of any private shareholders or individual, shall be exempt, if at the date of the gift, the laws of the state under the laws of which the donee is organized or existing either (1) do not impose a gift tax in respect of property transferred to a similar corporation, fund, foundation, trust, or association, organized or existing under the laws of this state, or (2) contain a reciprocal provision under which gifts to a similar corporation, fund, foundation, trust, or association organized or existing under the laws of another state are exempt from gift taxes if such other state allows a similar exemption to a similar corporation, fund, foundation, trust, or association, organized or existing under the laws of such state.

(3) Gifts to a fraternal society, order, or association operating under the lodge system, but only if such gifts are to be used exclusively for the purposes designated in clause (2);

(4) Gifts to or for the use of posts or organizations of war veterans, or auxiliary units or societies of any such posts or organizations, if such posts, organizations, units or societies are organized within the state of Minnesota and if such gifts are to be used exclusively for the purposes designated in clause (2);

(5) All property transferred, money, services, or other thing of value, paid, furnished, or delivered by any person, corporation, organization, or association to his or its employees,

or to any organization of his or its employees, directly or indirectly, or to any person, firm, or corporation for them or it, including payments to cover insurance, sickness, and death benefits, pensions, relief activities, or to any other employees' benefit fund of any kind, and medical service to such employees and their families;

(6) The first \$3,000 in value of gifts (other than of future interests in property) made to any person by the donor during any calendar year.

Approved April 6, 1951.

CHAPTER 269—H. F. No. 745

An act relating to the time for assessment and collection of income and privilege taxes; amending Minnesota Statutes 1949, Section 290.49, Subdivision 2.

Be it enacted by the Legislature of the State of Minnesota:

Section 1. Minnesota Statutes 1949, Section 290.49, Subdivision 2, is amended to read:

290.49 Subd. 2. **Warrant issued to sheriff.** In the case of income received during the lifetime of a decedent, or by his estate during the period of administration, or by a trustee of a terminating trust or other fiduciary who, because of custody of assets, would be liable for the payment of tax under section 290.54, or by a corporation, the tax shall be assessed within 18 months, and any proceeding in court for the collection of such tax shall be begun within two years after written request for such assessment (filed after the return is made) by the executor, administrator, or other fiduciary representing the estate of such decedent, or by the trustee of a terminating trust or other fiduciary who, because of custody of assets, would be liable for the payment of tax under section 290.54, or by the corporation, but no assessment shall be made after the expiration of three and one half years after the return was filed, and no action shall be brought after the expiration of four years after the return was filed.